

# **Expanding Colorado Medicaid (SB 13-200) Frequently Asked Questions**

# **Health Care Policy & Financing Background**

The Department of Health Care Policy and Financing (Department) is the State agency responsible for the administration of Medicaid, the Child Health Plan *Plus* program (CHP+), and the Colorado Indigent Care Program (CICP).

## What is Medicaid?

Medicaid is a health insurance program for low-income children, parents, pregnant women, the elderly and individuals with disabilities. Colorado also has a program to cover very low-income adults without dependent children (AwDC). Currently AwDC eligibility is limited to those up to 10 percent of the federal poverty level.

## Who is eligible for Medicaid?

Each client must meet state and federal rules in order to qualify for Medicaid. Clients must provide verification of their income eligibility as well as proof of citizenship or legal presence.

## Who pays for Medicaid?

Medicaid is jointly funded by federal and state funds, with the federal government providing at least 50% of the costs of services and administration. Federal health care reform, the Affordable Care Act (ACA), allows states that expand Medicaid eligibility to qualify for enhanced federal matching funding.

#### SB 13-200 Background

#### What does SB 13-200 do?

The legislation will amend the Colorado Health Care Affordability Act (HB 09-1293) to cover additional low-income Coloradans. Specifically, the legislation changes the Medicaid eligibility level from 100 to 133 percent of the federal poverty level (FPL). This change will allow more parents and adults without dependent children to gain access to Medicaid.

#### Who finances the expanded coverage in SB 13-200?

The expanded coverage is financed through the hospital provider fee and enhanced federal matching funds. The expansion does not impact the state General Fund.

#### How does SB 13-200 relate to federal health care reform?

Federal health care reform, known as the Affordable Care Act (ACA), provides states the opportunity to receive enhanced federal matching funds to expand Medicaid eligibility up to 133 percent FPL\* starting in January 2014.

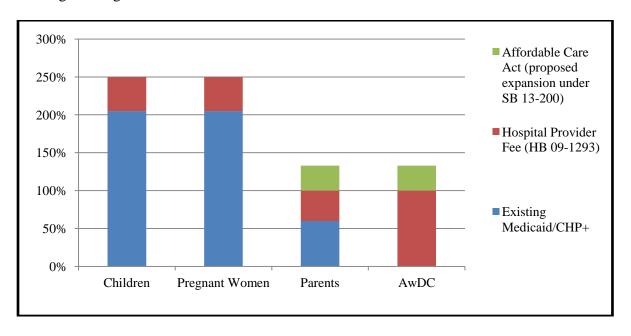
- \$31,332 for a family of four (2013 FPL levels)
- \$15,282 for an individual (2013 FPL levels)

\*Federal poverty levels are adjusted each year so the above income limits will change. Federal law allows for a 5 percent income disregard so those earning up to 138 percent FPL may be eligible.

# How many Coloradans will be covered by the Medicaid expansion?

The Department estimates that pursuing the Medicaid expansion will allow **more than 160,000 Coloradans** to gain access to health care coverage beginning January 1, 2014.

The below chart displays eligibility levels authorized in the Affordable Care Act (ACA) and the proposed expansion under SB 13-200, the original Hospital Provider Fee (HB 09-1293) and existing coverage for Medicaid and CHP+.



# Who will be impacted by the expansion of Medicaid?

Colorado Medicaid already covers children up to 133 percent FPL, so the new coverage would impact parents with Medicaid eligible children and other adults without dependent children.

Many of those impacted are working individuals and families who had earned too much to qualify in the past, but not enough to afford private insurance.

According to recent analysis of the American Community Survey data by the Colorado Center for Law and Policy:

- More than 50 percent of newly eligible individuals are currently employed.
- Only 1 in 3 employed Coloradans in this income category have access to employer insurance.

Average salaries for construction workers, maids, home health aides, and child care workers fit into this new eligibility category and could gain access to health insurance through the expansion of Medicaid.



# Federal Matching Funding & Cost Projection Background

## How will the expansion be financed?

As federal funding tapers, the provider fee will cover the expansion costs.

# How does the enhanced federal matching funding work under the ACA?

Colorado currently splits Medicaid costs at approximately 50 percent with the federal government. States expanding their Medicaid programs to 133 percent FPL will have the costs for the newly eligible population covered 100 percent by the federal government through 2016. After 2016, the federal matching rates taper off until 2020 when the state will cover 10 percent of the cost; SB 13-200 allows the provider fee to cover these costs. States that do not expand are not eligible for the enhanced matching funds.

State/Federal Share for Newly Eligible Populations		
	<b>Federal Share</b>	<b>State Share</b>
Year	of Cost	of Cost
2014	100%	N/A
2015	100%	N/A
2016	100%	N/A
2017	95%	5%
2018	94%	6%
2019	93%	7%
2020	90%	10%

## How much will expanding Medicaid cost the State?

The Department calculated 10 year projected costs and has provided information to legislative council for the fiscal note of SB 13-200. The Medicaid expansion is expected to not impact the state General Fund.

#### How much does SB 13-200 cost?

Please refer to the fiscal note for details. The time period analyzed for the SB 13-200 fiscal note will not show the full savings as anticipated in the ten year cost projections.

#### Why doesn't the expansion impact the General Fund?

The enhanced federal matching funds, identified savings and provider fee fund the expansion population without impacting the General Fund. In addition to Department analysis, there have been two independent studies that project the Medicaid expansion will not have an impact on the state's General Fund.

- Expanding Medicaid in Colorado: Understanding the Costs and Benefits prepared for the Colorado Trust by the Colorado Health Institute
- <u>Examining the Impact on Colorado's Economy</u> prepared for the Colorado Health Foundation by Charles Brown Consulting, Inc

# Will SB 13-200 impact K-12 funding?

No. These are different revenue sources; K-12 education funding comes from the state General Fund, but the Medicaid expansion set forth in SB 13-200 will not.

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